Die-in-harness scheme

388. SHRI K.E. ISMAIL: Will the Minister of FINANCE be pleased to state:

(a) how many applications for appointments of dependents of the employees died-in-harness were received by the nationalized banks in Kerala during the last three years;

(b) how many of them were given appointment;

(c) whether the guidelines for appointment under this scheme has been modified recently; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The information is being collected and will be laid on the Table of the House.

(c) and (d) The Model Scheme for Payment of *Ex-gratia* amount in lieu of appointment on compassionate grounds 2004 was modified in July, 2007 to provide appointments on compassionate grounds in the following exceptional cases, where:-

(i) an employee dies while performing his official duty as a result of violence, terrorism, robbery or dacoity;

(ii) an employee dies within five years of his first appointment or before he reaches the age of 30 years, whichever is later, leaving a dependent spouse and/ or minor children; and

(iii) the appointment shall be made only in class III and IV.

Impact of financial meltdown in USA

389. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the financial meltdown in the United States of America (USA) would have any adverse impact on the investments which FIIs are making in our stock market;

(b) if so, what is the projected financial burden and loss both to the stock market and the economy in particular;

(c) how many financial companies would be pushed towards bankruptcy;

(d) whether any steps have been mooted to address the issue;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The global financial crisis which surfaced in August, 2007 had its origin in the meltdown of the US housing market. Pursuant to this crisis and news about the bankruptcy of Lehman Brothers on September 15, 2008, Indian stock markets have witnessed a fall. As on

October 10, 2008, the Sensex had fallen by 49.6 per cent from its highest level on January 8, 2008. The net equity investment by FIIs during the period from August 17, 2007 to Dec. 31, 2007 was USD 7.8 billion approximately. Since January, 2008, there has been a net disinvestment in equities to the tune of nearly $10.0 billion.

(b) and (c) The fundamentals of the Indian economy have been strong and continue to be strong. Our banking system is stable and sound. RBI has pointed out that Indian banks have very limited exposure to the US mortgage market (directly or through derivatives) or to the failed/stressed financial institutions; hence the impact on their balance sheet will be marginal.

RBI has also informed that India's real economy would be affected to a lesser degree than USA or Europe since our growth is largely domestically driven and our export markets not concentrated. Moreover, the current boom in the oil economies will be supportive of exports and inward remittances.

As regards the stock markets, it must be noted that the loss or gain arising from market movement is notional. In this context, it may also be mentioned that only a very small portion of our total population, less than two per cent, has any sort of exposure to the stock market.

What we are witnessing today in the Indian markets is an indirect effect of the global financial situation. This is only a reflection of the uncertainty and anxiety in the global financial markets. However, there is no reason for any anxiety or uncertainty in India.

(d) to (f) Some of the steps taken by the Government, RBI and SEBI to balance the financial economy in the country are as follows:

1. Hike in interest rates on FCNR (B) deposits to LIBOR/Swap + 25 basis points and on NR (E) Rupee deposits to LIBOR/Swap + 100 basis points

2. Market Intervention by RBI to augment supply in the domestic foreign exchange market. All the transactions by the RBI will be at prevailing market rates and as per market practice.

3. Allowing scheduled banks to avail additional liquidity support under the Liquidity Adjustment Facility (LAF) to the extent of upto one per cent of their Net Demand and Time Liabilities (NDTL)

4. Allowing banks to avail of additional liquidity support exclusively for the purpose of meeting the liquidity requirements of natural funds to the extent of upto 0.5 per cent of their NDTL

5. The Reserve Bank has decided to conduct the second LAF on a daily basis with effect from September 17, 2008.

6. Reducing the Cash Reserve Ratio by 250 basis points from 9 per cent to 6.5 per cent of NDTL.

7. Under the Agricultural Debt Waiver and Debt Relief Scheme, Government has agreed to provide to commercial banks, RRBs and co-operative credit institutions a sum of Rs.25,000 crore as the first installment.

8. It has been decided to increase the Foreign Institutional Investors (FIIs) investment limit in corporate bonds from $3 billion to US$ 6 billion.

9. SEBI has decided that the position of the securities lent by FIIs and their sub-accounts abroad shall be disseminated on a consolidated basis twice a week *i.e.* on Tuesday and Friday of every week.

10. SEBI has further informed that it has been monitoring the activities of a few large financial institutions in India to ensure that the orderly functioning of the market is not hampered. SEBI is also continuously reviewing the situation in consultation with the stock exchanges and the depositories. RBI - SEBI Technical Committee is also closely monitoring the developments in the global financial markets and its impact on the Indian markets.

IT exemption for oil companies

†390. SHRI UDAY PRATAP SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering to give exemption to petroleum and natural gas producing companies in income tax and other taxes in order to boost the production of natural gas; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

Education cess

391. SHRI BIRENDRA PRASAD BAISHYA: Will the Minister of FINANCE be pleased to state:

(a) whether the objective of levying the cess on education has been achieved;

(b) if so, the details thereof;

(c) the total accruals from the 2 per cent education cess levied since 2004, year-wise and 1 per cent secondary and higher education cess levied since May, 2007;

(d) the amount sanctioned and disbursed from this pool against various Central Schemes indicating the amount actually utilized, year-wise and State-wise; and

(e) the status of the balance amount of the total accruals and plan finalized to utilized the same?

†Original notice of the question was received in Hindi.